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Saudi Arabia

Exporter Guide

Annual

2003

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Report Highlights:

All food products are imported by the private sector. The vast majority of food products are subject to a 5 percent import duty. Selected products produced locally in significant quantity carry a 20 percent import duty. Rice, coffee, tea and red meat enter the country duty free. The Saudi market for imported consumer food and edible fishery products increased by five percent from 1999 to 2001, reaching about 2.5 billion U.S. dollars in CY 2001 (total Saudi food and agricultural imports totaled about \$5 billion in 2001).

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I. MARKET OVERVIEW

Saudi Arabia's annual population growth rate remains above three percent. Virtually 40 percent of the population was born after the 1990-91 Gulf War and nearly 70 percent are under the age of 30. Saudi Arabia's per capita GDP peaked in 1981, when both the US and Saudi Arabia had a per capita GDP, in current dollars, of about \$28,600. U.S. GDP per capita in 2001 was \$36,000, whereas Saudi Arabia's was less than \$7,500. The country's economy is highly dependent on oil and oil derivatives, which account for 90 to 95 percent of Saudi export earnings, 75 percent of budget revenues and about 35 to 40 percent of the GDP. Per capita income will continue to decline unless economic growth increases significantly and/or the birth rate drops. The Kingdom's population is expected to double in 20 years from its current level of 24 million to more than 40 million.

Over the past few decades Saudi Arabia has undergone tremendous changes, both economically and socially. In 1930, there were no paved roads in Saudi Arabia. The city of Riyadh consisted mainly of mud structures. Today, Riyadh is a thriving metropolis of more than four million, landscaped parks with multi-lane highways and glass and steel skyscrapers. Excellent highways connect all corners of the Kingdom. The ports of Jeddah on the Red Sea and Dammam on the Arabian Sea are modern and efficient, handling thousands of containers annually. Railways connect Riyadh with the oil-rich Eastern Province and plans are underway to extend the railway services to major cities in the Kingdom in the next few years.

Saudi buying and eating habits have changed significantly since the introduction of Western-style supermarkets and restaurants in the late 1970s. Built initially to cater to Western expatriates, modern Western-style Class A supermarkets are popular with the Saudis and continue to increase in number in the major urban areas of the Kingdom: Riyadh (Central Province), Jeddah (Western Province), and Dammam, Al Khobar, and Dhahran (Eastern Province). Increases in the number of outlets have made it feasible for many supermarket chains to import a portion of their stock directly from the United States. Nevertheless, supermarket chains and other retailers depend enormously on local importers for sourcing, merchandising, and inventory control.

The Saudi market for imported consumer food and edible fishery products increased by five percent from 1999 to 2001, reaching about 2.5 billion U.S. dollars in CY 2001 (total Saudi food and agricultural imports totaled about \$5 billion in 2001 per the U.N. data). According to the U.S. Customs data, exports of consumer-oriented products from the U.S. to Saudi Arabia declined from \$134.5 million in CY 1999 to \$104.5 million in CY 2002 due mainly to a consumer boycott, the implementation of biotechnology labeling in 2001 and new poultry meat and beef imports requirements issued the same year. Despite our continued efforts, the Saudi Government has not yet shown any signs to rescind its biotechnology and meat import requirements. However, the grassroots movement to boycott American food and none food products has somewhat diminished in the major cities of the Kingdom in recent months. Major U.S. foodstuff importers have indicated increased imports from the States in the past four months. Official U.S. Customs data for January-July 2003 shows about nine percent increase in the exports of high value products to the Kingdom compared to the same period last year.

Another increasing challenge currently facing U.S. foodstuffs in the Kingdom's market is the increased competition from both locally produced and imported food products from competing countries (mainly EU and Asian countries). Saudi consumers are discriminating consumers and enjoy new food products. With a young and growing population, U.S. food and agricultural exports to the Kingdom should continue to expand in the coming years and decades.

The number of food processing companies in the Kingdom continues to grow. Both local and national brand potato chips (Frito-Lay), snack foods, fruit juices, breakfast cereals, peanut butter, cheeses, tomato pastes, hot sauce, ketchup, and other products are produced in Saudi Arabia. Most food processors rely extensively, if not entirely, on imported raw ingredients.

The demand for institutional-size food products by the catering sector remains strong, given the huge number of expatriate third country nationals working in Saudi Arabia and the increasing number of foreign pilgrims visiting the two holy cites (Mecca and Madina), the demand for catering service will remain strong. There are about seven million expat workers in the Kingdom, most of whom are from the Sub Continent of Asia (India, Pakistan, Bangladesh) and the Philippines. The number of foreign pilgrims coming for Haj and Umra rituals is estimated at about five million per annum.

Dining at fast food restaurants is popular among Saudi families and expat workers. International fast food chains such as KFC, Burger King, and McDonald's and local chains such as Herfy import part of their ingredients from the US. Large catering companies, especially those serving Western expats, also buy a portion of their requirement directly from the United States.

Saudi Arabia has been negotiating to accede to the World Trade Organization (WTO) for the past few years. Of the six Gulf Cooperation Council (GCC) members (Kuwait, Oman, Qatar, United Arab Emirates, Bahrain, and Saudi Arabia), only Saudi Arabia is not a WTO member. In the area of agricultural trade, major stumbling blocks are the shelf life issue, biotech labeling and the meat import requirements. The Saudi Arabian Standards Organization (SASO) determines and sets production/expiry dates for all imported food products. On the shelf life issue, the US prefers that Saudi Arabia adopt the practice of "best if used by," allowing product manufacturers to determine shelf life dates.

The table below provides a summary of advantages and challenges of pursuing the Saudi market for imported foodstuffs:

ADVANTAGES	CHALLENGES
The Saudi population is growing at more than 3 percent annually.	Increased competition from locally produced food products and from imported food products from Europe and Far East.
The number of upscale supermarkets continues to increase, creating greater opportunities to display new-to-market American food products.	Freight costs from the United States are higher compared to those from Europe and Hong Kong. The 2001 MOC decree banning the transshipment of livestock meat through Europe and other countries affected by BSE and FMD makes shipping products to Saudi Arabia more difficult.
The growing number of fast food restaurants, hotels and resorts and the thriving catering sector depend heavily on imported institutional size food products.	Arabic labeling, biotechnology labeling and shelf life restrictions.
The rapidly growing food processing sector depends on imported ingredients.	Halal certification required for all meat and poultry products exported to Saudi Arabia. Additional statements on the health certificate accompanying poultry & livestock meat shipments to indicate that the animals slaughtered for export to the Kingdom were not fed animal protein ruminants and were not treated with any kinds of growth hormones.
Saudi consumers have a penchant to try new products and shop more often at supermarkets.	Saudi regulations require that the number of different food items in one container not exceed 25.
The increasing positive attitude of Saudis to mass media advertisements.	

The U.S. is considered a supplier of quality foodstuffs.	Willingness by a significant percentage of the Saudi consumers to support calls to boycott American products for political reasons.
The potential for agricultural production is limited in Saudi Arabia due to the lack of arable land and water, hence imports of food will continue to be strong and will increase in the future.	
Young population: Virtually 40 percent of the population was born after the 1990-91 Gulf War and nearly 70 percent are under the age of 30. Younger Saudis prefer Western-style foods more than their parents.	
Changing lifestyles. The number of working women is increasing, leading to more shopping at supermarkets to purchase prepared food items.	
Per capita income of \$7,547 per year.	

II. EXPORTER BUSINESS TIPS

Local Business Customs

All food products are imported by the private sector. The vast majority of food products are subject to a 5 percent import duty. Selected products produced in significant quantities carry a 12 or 20 percent import duty depending on the self-sufficiency level. For instance imported poultry meat, table eggs and ice cream are charged a 20 percent import duty while peanut butter and mayonnaise are exposed to a 12 percent duty. Rice, coffee, tea and red meat enter the country duty free. For religious reasons, Saudi Arabia bans imports of alcoholic beverages, live swine, pork & food ingredients or additives which contain pork products, including pork fat and gelatin. Meat and poultry shipments must be accompanied by a "Halal" slaughter certificate issued by an Islamic center in the country of origin. Additional statements on the health certificate accompanying poultry & livestock meat shipments to indicate that the animals slaughtered for export to the Kingdom were not fed animal protein ruminants and were not treated with any growth hormones.

There are dozens of food importers in the Kingdom, with about 25 accounting for the bulk of food imports from the United States. Each importer operates differently:

1. Some importers deal only with U.S. companies manufacturing and marketing national brands, such as Campbell Soup, and usually require sole agency agreements. The Saudi importers will help build the brand, but request support from U.S. companies. Assistance offered by the U.S.

companies include promotional and marketing assistance.

2. Some large Saudi importers are willing to test-market a new food product under the condition that if it succeeds, the product will be labeled under its own private brand. As in the United States, private labels are becoming commonplace in Saudi Arabia.

Some Saudi companies have developed private labels which appeal to Saudis and other Arabs in the Kingdom. Others use labels with Western-sounding names to appeal to British, Americans, and other Western expatriates. Salim Basamah Company, perhaps the largest importer of grocery products in Saudi Arabia, places its private label, "Goody" on a wide variety of food products imported from the United States. "Goody" appeals to American, British, and other Western expats. Basamah's cousin, also a large food importer, uses an Arabic sounding private label, "Al-Alali" to appeal to Saudis and Arabs, even though the vast majority of his products are American.

Hence, a can of American peaches can be marketed in Saudi Arabia under several different labels:

--under an established U.S. brand such as Monarch or Libbys

--under a Saudi private label: like Goody or Al-Alali.

--or under a U.S. private label: such as ShopRite

3. Some companies import a wide range of food products for mass distribution, employing the use of consolidators in the United States. Many supermarket chains, especially those with the ability to handle large volumes, are beginning to import directly. One company owning a modern supermarket chain imports up to 300 new-to-the market American food products yearly for sale in its stores, lending support to a wide range of brands without a binding agency agreement.

U.S.-based consolidators assist Saudi food importers by sourcing products from wholesalers, such as Fleming, and providing services such as placing stickers on labels. Current Saudi regulations allow U.S. suppliers to place an Arabic language sticker on the original English language label. The stickers translate key ingredient and product information into Arabic. Stickerizing is a laborious task and most manufacturers do not want to bother with this. Most U.S. consolidators are based in Houston, New York, and other ports and are located close to large wholesalers.

If a product has performed well in the market, a U.S. company may opt to go beyond the sticker stage and develop a bilingual label in both Arabic and English. Monarch is one of many U.S. companies which have developed bilingual labels for the Middle East. Non-alcoholic Budweiser beer was launched in the Kingdom in 1999, with a red, white, and blue bilingual label. However, a significant quantity of U.S. origin grocery items found in Saudi supermarkets have stickers.

Saudi importers are constantly searching for new products, and often request support from suppliers for promotion and advertising. The Saudi consumer is a discriminating consumer, closely examining labels and looking for the best deal. Advertising is considered a necessity to woo Saudi consumers. Two-for-one deals are very popular in larger supermarkets. As bar coding

becomes more popular, many product brands are expected to be eliminated (i.e., 25 different brands ketchup). Supermarkets are also becoming more competitive. Distributors are routinely charged slotting fees and some supermarkets are reportedly charging registration fees for new products.

Client Base and Consumer Preferences

Saudi Arabia is located between Europe and Asia. With its large expat population, the Kingdom is a multi-ethnic society. Consequently, foods from around the globe are found in Riyadh, Jeddah, Dammam, and other urban areas in the Kingdom. There are two basic consumer categories in the Kingdom:

Saudi citizens (16 million)

Expatriates temporarily residing in the Kingdom (seven million)

Most expats are from South Asia (Indian, Pakistan, Bangladesh), Egypt, the Sudan, Yemen, the Philippines, and East Africa. There are about 40,000 Americans residing in the Kingdom and about 30,000 British citizens. The American and British tend to occupy "white collar" or professional positions. Many Saudi food and supermarket companies hire Americans and British as general managers, operation managers, and executives.

Saudis and Western expats are the largest consumers of American consumer-oriented products and the principal shoppers in Class A supermarkets. The Saudi consumer is becoming more enlightened to quality, nutritional value, price, and packaging. Saudis pay attention to expiry dates on products. Saudis and Westerners enjoy new products and supermarket managers acknowledge that those companies offering a wide variety of products will ultimately succeed in this competitive market.

A recent trend in the Kingdom has been the decline in canned food products in favor of frozen food items. Frozen foods are perceived by consumers as being fresher. Saudis prefer eating fresh foods, but changing lifestyles and an increasing number of women entering the workplace have created a demand for prepared foods. A significant percentage of Saudis continue to purchase a large percentage of their food at wholesale markets, but more and more Saudis are shopping regularly at supermarkets, especially women. Supermarket shopping is considered a primary form of entertainment for the Saudi family. Many supermarkets have built large play areas for children and are surrounded by several boutiques, specialty shops such as photo and music shops, and fast food restaurants.

Corner grocery stores, commonly referred to as bakalahs, are found in every neighborhood in the Kingdom. They cater mainly to Saudis and third country nationals. Despite the tremendous increase in the number of Class A supermarkets and the growing number of hypermarkets, the number of bakalahs has not decreased, as once predicted. Perhaps the main reason is that Saudi women cannot drive and the fact that many third country nationals working in the Kingdom do not own automobiles. Most compounds, housing expatriates, contain one or two corner grocery stores. The Saudi company, "Arabian Food Supplies," for example, has small grocery stores located in many "Western" compounds in Riyadh, Jeddah, Al-Khobar and in SAUDI/ARAMCO

compounds. With the continued growth in private residences in major cities of the Kingdom, corner grocery stores continue to be built. They are filled with many consumer-oriented products originating from the United States. Most have the capability to store frozen foods, and all contain refrigerators.

If and when women can drive in the Kingdom and if Saudi-ization results in the departure of more third country national expatriates from Saudi Arabia, sources expect the number of bakalahs to decrease significantly. The Saudi government has put teeth over the past few years in its long-standing Saudi-ization program by compelling private sector firms to increase the proportion of Saudis in their workplace by five percent a year. In 2000, the government banned expatriates from working in fruit and vegetable markets and in 2002 the ban was extended to bakalahs (corner stores) with less than 40 square meters. There are more than 50,000 bakalahs in the Kingdom.

In addition to corner grocery stores, there are thousands of ethnic stores in the Kingdom, catering to Indians, Pakistanis, Filipinos, and other Asians. Foods from many parts of the world are found in the Kingdom.

Food Standards and Regulations

Saudi regulations which the U.S. exporters must pay attention to and adhere to:

- Government-imposed shelf life requirements
- Arabic labeling
- Biotech Labeling
- Halal Slaughtering
- Animal ruminants and growth hormones certificates for imported meat

Shelf Life

The Saudi Arabian Standards Organization (SASO) sets shelf life requirements (production/expiry dates) for all food products. Production/Expiry dates for selected products were reduced or halved in 1993 per Saudi Standard 702/1993 and Gulf Standard No. 150/1993, however, shelf life for other products was actually increased. For more detailed information, please refer to SA1012 of July 2001 entitled "Saudi Arabia: Food and Agricultural Import Regulations and Standards."

General Prepackaged Foodstuffs Labeling

Regulations for labeling of prepackaged foodstuffs are found in Gulf Standard 9/1995. In sum, prepackaged food product labels should be in Arabic or include an Arabic language translation of the label. At a minimum, product labels must contain the name of the product, name of the packer, country of origin or manufacture, listing of ingredients, consumer instructions, and production/expiry dates.

Biotechnology Labeling

On December 1, 2001, the Saudi Ministry of Commerce (MOC) implemented the Ministerial decree

number no 1666 issued on December 11, 2000 regarding labeling of foodstuffs containing biotech animal products.

Following is the summary of the MOC's Directive No 1666:

1. Ban on Biotech Animal Products: One of the main features of the Ministerial Directive No 1666, is the **IMMEDIATE AND TOTAL** ban placed on the imports of foodstuffs containing genetically engineered animal products to the Kingdom. The directive did not give reasons for the total ban of animal products. However, ATO trade sources believe that the decision was taken to make sure all imported foodstuffs are Halal and do not contain products from swine and other animals banned for consumption by the Islamic religion.

2. Positive Biotech labeling: If a product contains one or more biotech plant ingredients, the information should be clearly communicated to the consumer by labeling. A triangle should be drawn and in it the text should read "**Contains Genetically Modified Product (s).**"

3. Bilingual Labeling: The biotech statement must be clearly written in both Arabic and English languages with an ink different from that of the main product.

4. Health Certificate: Biotech products or genetically engineered products which are exported to Saudi Arabia must have been approved in the country of origin for human consumption. Each shipment must be accompanied by a health certificate issued by biotech licensing government agencies (such as the FDA) stating that the biotech ingredient (s) used in the foodstuff is approved in the country of origin (United States) for human consumption. One certificate could be issued that certifies a list of biotech items used in a foodstuff.

5. Quality Standard: All biotech foods products should be in compliance with legal and ethical controls observed in the Kingdom and must meet pertinent Saudi Arabian standard specifications.

6. Locally Produced Foodstuffs: The biotech labeling requirements will also apply to locally produced agricultural products.

Certificate of Islamic Slaughter

Per Saudi Arabia Standard No. SSA 630/1998 (Animal Slaughtering Requirements According to Islamic Law), a Certificate of Islamic Slaughter must be issued for all meat and poultry products entering the Kingdom of Saudi Arabia. This certificate is issued by Islamic institutions in the United States which are recognized by the Saudi Embassy and/or Consulates. Information related to the approved Islamic institutions may be obtained from the Saudi Embassy in Washington, D.C. or the nearest Saudi Consulate (New York, Houston, Los Angeles).

General Import and Inspection Procedures

The majority of Saudi food imports enter the country via Jeddah port on the Red Sea or Dammam port on the Arabian Gulf. About two-thirds of all foodstuffs enter Jeddah. Imports from Jordan, Syria, and nearby countries enter the Kingdom by truck.

King Khalid International Airport in Riyadh and King Abdulaziz International Airport in Jeddah also receive significant quantities of food items, particularly fresh fruits, vegetables and chilled meat. Fresh and chilled products are usually cleared within 24 hours of arrival.

Imports of Samples

Samples destined to Saudi importers or for display in food shows are exempt from Saudi labeling and shelf life regulations, but are subject to inspection at ports of entry. Samples shipped to Saudi Arabia by D.H.L. of Federal Express and similar carriers must contain a commercial invoice specifying that the product is not for sale and has no commercial value.

Certification and Documents Requirements

Saudi Arabia requires the following documents for imported foodstuffs:

(1). Commercial Invoice (2). Health Certificate from the Country of Origin (3). Halal Slaughter Certificate for Meat and Meat Products (4) Certificate of Origin (5). Animal Ruminants Feed and Growth Hormones Free Certificates for imported Meat and Meat Products (6). GMO Certificate (7). Bill of Lading (8). Packing List (highly recommended to expedite product inspection and clearing)

The first four documents listed above must be attested by U.S./Arab Chamber of Commerce or any U.S. Chamber of Commerce located in the city or area where the exporting firm is based. If the exporting firm is located close to a Saudi Consulate or the Saudi Embassy, the documents could be attested by the Consulate or Embassy. Documents number five and six must be certified by the USDA's FSIS.

Product Inspection

All imported foodstuffs are subjected to inspection by the Ministry of Commerce at the port of entry, with the exception of herbal preparations, health and supplementary foods (inspected by the Ministry of Health) and live animals, plants, seeds, and animal feed (inspected by the Ministry of Agriculture). If a consignment is rejected for not adhering to Saudi standards, the importer is requested to either re-export or destroy the product in the country.

Customs Clearance

As stated earlier, shipments of food products must be accompanied by a commercial invoice, health certificate, and other selected documents. An importer is responsible for translating the commercial invoice into Arabic (per Saudi Customs requirements) and to provide the translated document to his Customs agent in order to start the clearing process. Containers are normally cleared in less than ten days provided all documents are in order and imported products meet Saudi standards and specifications.

In the event a product is rejected by a Ministry of Commerce laboratory at the port of entry, an importer may submit an appeal calling for a re-test. The appeal must be submitted in writing to

the Director General of the Quality Control and Inspections Department of the Ministry of Commerce. If an appeal is accepted, the Director General orders a re-test by another laboratory. If the second test verifies initial results, the exporter is ordered to re-export or destroy the product.

Banned Products

For religious reasons, Saudi Arabia bans imports of alcoholic beverages, live swine, pork, and foodstuff ingredients or additives which contain pork products, including pork fat, and gelatin. Other banned products include meat of asses, mules, hinnies (fresh chilled, or frozen), frog legs, poppy seeds, hemp seeds, opium and hops and swine leather.

III. MARKET SECTOR STRUCTURE AND TRENDS

Retail Sector

Class A and B supermarkets in the Kingdom total more than 290 and are increasing in number. Most are comparable to those in the United States. Major supermarket chains include Tamimi Markets, Al Azizia-Panda, Giant Stores (no relation to Giant in the United States), Al Raya, Watani, Danube, Farm Supermarkets, Al Hamada Supermarkets, Al Sadhan Markets, Universal Marketing Centers, Marhaba Markets, Bin Dawoud and Star Supermarkets. All of these supermarkets have modern frozen food sections and handle a number of food products from the United States. Tamimi Markets and Al Azizia-Panda import fresh fruit and vegetables directly from the United States, such as strawberries, apples, celery, lettuce, and other selected produce are flown in while others are shipped in containers. Tamimi and Al Azizia-Panda also import a significant percentage of dry goods, chilled beef, and dairy products directly from the U.S., employing the use of consolidators.

Tamimi Markets began as a partnership with Safeway USA, but has been wholly-owned by the Tamimi family since late 70s. Tamimi continues, however, to sell Safeway brand products. All other supermarket chains in the Kingdom are wholly-owned by Saudi companies. Many are managed by Western expatriates, mainly American and British. Al Azizia-Panda has grown from a few stores in early 1990 to more than 50 today, mainly through acquisition of existing supermarket chains. The supermarket business has become very competitive. Larger volumes will enable selected chains to import directly, in an effort to lower costs.

Even though some supermarket chains are importing a percentage of their stock directly, importers play and will continue to play a major role in the food business. Strict shelf-life regulations imposed by the Saudi Arabian Standards Organization makes inventory control a challenge. Saudi supermarket chains depend on distributors to take back products that have not been sold before the date of expiration. Supermarkets also depend on merchandising services offered by importer/distributors, i.e., stocking shelves and keeping inventory. Many supermarkets also earn significant revenues from slotting fees and product registration fees paid by distributors. Major supermarket chains receive credit terms in excess of 90 days from their suppliers.

The rapid expansion in the number of supermarkets in the Kingdom, has produced stiff

competition as each supermarket chain strives to gain a larger client base. Managers are looking to cut costs and expand product range. Competitive pricing is essential, but promotional and advertising support are key as well as the ability of a vendor to offer a wide selection of products. Advertising is often geared toward women, who play a greater role in purchasing decisions.

Many countries including the European Union, Egypt, Thailand, China, India, Australia and New Zealand are active in offering promotional assistance to local importers. Most suppliers offer attractive credit terms and price discounts on bulk purchases. Many provide promotional materials and assist with advertising. France and Brazil dominate the frozen poultry trade through attractive financing and pricing. Australia and New Zealand provide "point-of-sale" material to retailers. Australian meat is advertised on Saudi TV. France often holds promotional events for "Gala" apples, involving the French Embassy in Riyadh. In the past, the ATO office regularly sponsored the American Food Festivals. However, due to the current anti-U.S. sentiments in the region, these activities have been put on hold.

Food Processing Sector

Local manufacturing of food products has expanded rapidly over the past few years. The Saudi government has assisted the food industry by providing attractive financing and subsidies on some equipment and by imposing higher import tariffs on selected imports which compete with locally-produced products (poultry meat, table eggs, infant foods based on milk, sugar, macaroni and similar products, etc.). Locally-produced food products also have an advantage over imported food products because they can be exported duty free to other countries in the Gulf Cooperation Council (GCC): Kuwait, Oman, Qatar, Bahrain, and the United Arab Emirates. Hence, the market for locally-manufactured products consists of the entire Arabian Peninsula, including Yemen. The expanded market has prompted many international companies to set up licensing agreements with local manufacturers in Saudi Arabia to produce their brand. Such companies include Kraft/General Foods, Delmonte, Pepsi, and Coca-Cola.

Potato chips, snack foods, juices, biscuits, peanut butter, hot sauce, cookies, cereals, and ice cream are all produced in the Kingdom. However, processed food products "produced" in Saudi Arabia depend heavily on imported inputs and ingredients. The Sunbullah company, for example, produces, distributes, and markets retail packs of frozen vegetables. However, the source of its production stems from imported frozen blocks of vegetables. Sunbullah breaks down the imported blocks, and packages the product under its own label. Locally produced ice cream and some brands of yogurt rely on imported milk powder.

Food Service Sector

About 70 percent of Saudis are in their teens. Dining at fast food restaurants is popular and is a major form of entertainment for the Saudi family. International fast food chains such as KFC, Burger King, McDonald's, Fuddruckers, Taco Bell, Pizza Hut, Dominos, and local chains such as Herfy, Al-Beck, Taza, Dajen, Kudo continue to expand and are found in major urban areas. Many of the international fast food chains and selected local outlets such as Herfy import a significant share of required ingredients directly from the United States.

The demand for institutional-sized food products by the catering sector remains strong because of the large number of ex-pats (seven million) and the huge number of pilgrims visiting the Kingdom to perform Haj or Umra (more than five million annually). The Muslim pilgrims usually stay from two weeks to up to two months in the cities of Mecca, Medina, and Jeddah and require room and board. Also, with the new Saudi Government emphasis on tourism, Muslim pilgrims are allowed to visit other cities and stay up to two months in the Kingdom. This will further increase demand for food products.

A recent trend has been an increase in the number of resorts in the Kingdom, catering mainly to Saudis and other Arabs. Many are being built on the Red Sea and the Arabian Gulf.

IV. BEST HIGH-VALUE PRODUCT PROSPECTS

The following is a list of some consumer ready food products with high export potential.

- Potato chips and savory snacks
- Mayonnaise, tomato ketchup, and sauces
- Beverage ingredients
- Non-alcoholic beer
- Cheese
- Almonds and nuts
- Milk products, including infant formula
- Red meats
- Fresh apples and pears
- Processed fruits and vegetables
- Jams and jellies
- Breakfast cereals and pancake mixes
- Honey
- Sweet pastry and biscuits
- Dietetic foods

V. KEY CONTACTS AND FURTHER INFORMATION

Agricultural Trade Officer
American Embassy
Unit 61307
APO AE 09803-1307

OR

Agricultural Trade Officer
American Embassy
P.O. Box 94309, Riyadh 11693
Saudi Arabia
Tel: 966-1-488-3800, Extension 4351
Fax: 966-1-482-4364

Internet E-Mail Address: fasriyadh@hotmail.com

Food standards are set by the Saudi Arabian Standards Organization (SASO), with product inspection done by Saudi Ministry of Commerce Laboratories at various ports of entry. The following are coordinates for SASO and the Ministry of Commerce:

Dr. Khalid Al-Khalaf
Director General of SASO and Secretary General for Standardization & Metrology Org. of
the Gulf Cooperation Council Countries.
Tel: 966-1-452-0000
Fax: 966-1-452-0086

Dr. Hamad Al-Awfy
Director General, Quality Control and Inspection Department
Ministry of Commerce
Tel: 966-1-401-3265
Fax: 966-1-402-2539

Live animals, plants and animal feed are inspected by the Saudi Ministry of Agriculture and Water (MAW). Following are coordinates of some of the important departments.

Mr. Rashid A. Al-Khidir
Director General
Plant and Animal Quarantine Department
MAW
Tel: 966-1-404-4292
Fax: 966-1-401-1323

Mr. Magid Al-Khamis
Director General
Livestock Department (registers and tests feed additives)
Ministry of Agriculture and Water
Tel: 966-1-404-4555
Fax: 966-1-404-4265

Mr. Mohammed Al-Mazroa
Director General (registers and testes seed as well as pesticides used in foodstuffs)
Agricultural Research Department
Ministry of Agriculture and Water
Tel: 966-1-405-5848/401-6666 ext, 2062
Fax: 966-1-405-5848

VI. APPENDICES

Table A. Key Trade & Demographic Information

Agricultural Imports From All Countries (\$Mil)*	4,925
U.S. Market Share	9%
Consumer Food Imports From All Countries (\$Mil)*	2,567
U.S. Market Share	5%
Edible Fishery Imports From All Countries (\$Mil)*	127
U.S. Market Share	1%
Total Population (Millions)	24
Annual Growth Rate	3.5%
Urban Population (millions)	not available (n/a)
Annual Growth Rate	n/a
Number of Major Metropolitan Areas	15
Size of the Middle Class (millions)/Growth Rate	n/a
Per Capita Gross Domestic Product (U.S. Dollars)**	\$ 7,547
Unemployment Rate **	15-20%
Per Capital Food Expenditures (U.S. Dollars)	\$ 2,264
Percent of Female Population Employed**	4-6%
Exchange Rate	US\$1 =3.75 SR

* Data for 2001 obtained from the FAS Global Agricultural Trade System using data from the United Nations Statistical Office.

**U.S. Embassy/Riyadh data for 2002.

Table B. Consumer Oriented foodstuffs Imports

Saudi Arabia Imports (In Millions of US Dollars)	Imports from the World			Imports from the U.S.			U.S Market Share		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
CONSUMER-ORIENTED AG TOTAL	2,438	2,625	2,567	152	168	141	6	6	5
Snack Foods (Excl. Nuts)	127	145	152	4	5	6	3	3	4
Breakfast Cereals & Pancake Mix	10	15	12	3	2	2	30	14	15
Red Meats, Fresh/Chilled/Frozen	208	215	150	5	7	5	3	3	3
Red Meats, Prepared/Preserved	22	24	19	8	7	3	36	27	16
Poultry Meat	369	368	389	5	5	2	1	1	1
Dairy Products (Excl. Cheese)	287	370	362	3	2	1	1	1	0
Cheese	185	221	197	2	2	2	1	1	1
Eggs & Products	7	8	10	1	1	1	3	4	1
Fresh Fruit	348	294	283	16	12	9	4	4	3
Fresh Vegetables	166	102	101	2	2	2	1	2	2
Processed Fruit & Vegetables	140	160	166	20	27	26	14	17	16
Fruit & Vegetable Juices	72	92	85	19	30	24	26	33	28
Tree Nuts	22	22	20	3	4	4	15	19	20
Wine & Beer	4	0	0	1	0	0	1	0	0
Nursery Products & Cut Flowers	7	9	10	1	1	1	9	7	3
Pet Foods (Dog & Cat Food)	2	2	2	1	1	1	14	13	16
Other Consumer-Oriented Products	461	578	611	60	62	53	13	11	9
FISH & SEAFOOD PRODUCTS	110	105	127	1	2	1	1	2	1
Salmon	9	9	10	1	1	1	2	0	1
Surimi	1	1	1	1	1	0	6	0	0
Crustaceans	7	13	16	1	1	1	1	2	1
Groundfish & Flatfish	31	31	31	1	1	1	1	1	1
Molluscs	1	1	1	1	1	1	39	4	18
Other Fishery Products	61	50	70	1	1	1	1	2	0
AGRICULTURAL PRODUCTS TOTAL	4,592	5,012	4,438	475	520	420	10	10	9
AGRICULTURAL, FISH & FORESTRY TOTAL	5,030	5,495	4,925	497	543	452	10	10	9

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Table C. Top 15 Suppliers of Consumer Foods and Fish & Seafood Products

CONSUMER-ORIENTED AGRICULTURAL IMPORTS				FISH & SEAFOOD PRODUCTS IMPORTS			
(US\$1000)	1999	2000	2001	(US\$1000)	1999	2000	2001
Brazil	218964	233921	276642	Thailand	26382	16507	29422
France	262600	266431	233798	Yemen	21466	19933	25375
Netherlands	155663	216311	208329	U.A.E.	18470	19093	17644
Ireland	125664	174009	171097	Oman	5726	9347	10967
Australia	98822	135710	148085	Japan	5630	5615	7009
United States	151569	167784	140875	Bangladesh	3625	5241	6094
New Zealand	67715	89219	101723	Taiwan	5803	4798	5569
Denmark	143656	128315	99041	Indonesia	1990	2777	4659
Syria	219128	91177	96350	Bahrain	2800	2126	4007
Germany	66417	96273	87748	Pakistan	2903	3584	3236
Egypt	85845	97765	84110	Qatar	1475	1392	1937
U.A.E.	82724	80204	76411	Philippines	264	225	1191
Turkey	70142	51435	68651	Italy	3050	1154	1121
South Africa	0	50460	67677	Morocco	1236	1471	1079
China	35380	46319	63142	New Zealand	1239	1144	866
Other	653621	699680	643545	Other	7575	10305	7077
World	2438002	2625160	2567303	World	109646	104721	127263

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office.